

Message Text

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ACTION EB-08

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SUBJ: MEETING WITH FINANCE COMMISSIONER COVERING REMITTANCES,
COMPENSATION

REF: (A) STATE 103173 (B) ACCRA A-48

1. SUMMARY: AMBASSADOR MET MAY 19 WITH FINANCE
COMMISSIONER AND RAISED LONG-STANDING REMITTANCE
AND COMPENSATION ISSUES. COMMISSIONER: (1) AGREED
TO START WORK ON A SCHEDULE FOR REMITTING PROCEEDS
FROM EQUITY SALES REQUIRED BY THE GOG INVESTMENT
POLICY DECREE: (2) SAID THAT THE PRESENT 5-MONTH
BACKLOG OF AIRLINE REMITTANCES WOULD BE "SUBSTANTIALLY
REDUCED" OVER COMING MONTHS: (3) LISTENED COURTEOUSLY
TO OUR PLEA FOR REMITTING PROFITS AND DIVIDENDS, AND
(4) AGREED TO CHECK ON THE STATUS OF FUNDS FOR
CONSTRUCTION OF GHANAIA CHANCERY AT VAN NESS SITE.
END SUMMARY.

2. AMBASSADOR, ACCOMPANIED BY A/DCM BORN, CALLED
MAY 19 ON FINANCE COMMISSIONER DR. A. K. APPIAH
AND COVERED FOLLOWING ISSUES:

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A. PANAM REMITTANCES: AMBASSADOR RECALLED 1977
AGREEMENT BETWEEN FOREIGN AIRLINES AND BANK OF GHANA
TO AUTHORIZE MONTHLY REMITTANCES OF TICKET SALES
PROCEEDS FOR RELEVANT MONTH, SIX MONTHS PREVIOUS AND
TO CLEAR UP 1976 BACKLOG OVER 12-MONTH PERIOD.
HE NOTED THAT BANK OF GHANA HAD AUTHORIZED NO
REMITTANCES SINCE JANUARY WITH AIRLINE REMITTANCES

NOW FIVE MONTHS IN ARREARS, AND ASKED, ON BEHALF OF PANAM, FOR PROMPT ACTION. COMMISSIONER APPIAH SAID THAT TRANSPORT AND COMMUNICATIONS COMMISSIONER DWEMOH (WITH WHOM AIRLINES REPS HAVE BEEN MEETING) HAD TWICE RAISED THIS ISSUE AT MEETINGS OF THE NATIONAL REDEMPTION COUNCIL (EQUIVALENT TO CABINET) AND HE (APPIAH) HAD HAD TO DEFEND INACTION TO DATE. WITH ONLY ONE HALF OF THE COCOA CROP SHIPPED, FIRST FOREIGN EXCHANGE RECEIPTS HAD HAD TO BE DEVOTED TO MORE URGENT BANKING AND TRADE PAYMENTS AND HAD BEEN INSUFFICIENT FOR THIS PURPOSE. HOWEVER, COMMISSIONER ASSURED AMBASSADOR THAT GOG WOULD QUOTE SUBSTANTIALLY REDUCE THE BACKLOG UNQUOTE IN NEXT FEW MONTHS, TO, SAY, TWO MONTHS IN ARREARS.

B. DIVIDEND REMITTANCES. AMBASSADOR RECALLED SEPTEMBER 14, 1977, BANK OF GHANA ANNOUNCEMENT CONCERNING LONG-PAST DIVIDENDS AND NOTED THAT SOME MODEST PROGRESS HAD BEEN RECENTLY MADE. HOWEVER, HE NOTED, WITHOUT IDENTIFYING U.S. FIRM, THAT ONE COMPANY HAD FILED AN OPIC INSURANCE CLAIM (ACCRA 3482) AND POINTED OUT THAT OVERALL RECORD WAS A MAJOR DETERRENT TO POTENTIAL INVESTORS. COMMISSIONER LISTENED COURTEOUSLY, BUT OFFERED NO ASSURANCES OF ACTION.

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C. SHARE SALE COMPENSATION. AMBASSADOR, STATING HE UNDER INSTRUCTIONS (REFTEL A) TO DO SO, ASKED COMMISSIONER TO ANNOUNCE PROMPTLY A SCHEDULE FOR REMITTING THE PROCEEDS FROM THE SALE OF EQUITY UNDER THE INVESTMENT POLICY DECREE. AMBASSADOR POINTED TO "LAWS ON THE BOOKS" LIMITED ELIGIBILITY FOR GSP AND PROHIBITING MOST US AID FLOWS TO COUNTRIES WHICH EXPROPRIATED U.S. PROPERTY WITHOUT PAYMENT OF PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION. AMBASSADOR WAS SURE THAT WHILE NEITHER GOVERNMENT WOULD WISH TO PERMIT THE SITUATION TO REACH A POINT WHERE SUCH LAWS COULD BE INVOKED, QUESTIONS CONCERNING THEIR APPLICABILITY WOULD INEVITABLY ARISE IF NO PAYMENTS WERE MADE. COMMISSIONER EXPRESSED UNDERSTANDING OF PROBLEM AND SAID HE WOULD START PROCESS OF WORKING UP SCHEDULE IMMEDIATELY AFTER OUR MEETING.

D. GHANAIA CHANCERY IN WASHINGTON. AMBASSADOR ALSO ASKED ABOUT GOG PROVISION OF FUNDS AND/OR BANK GUARANTEE TO PERMIT CONSTRUCTION OF THE GHANAIA CHANCERY, TO BE BUILT ON THE VAN NESS SITE. COMMISSIONER SAID FUNDS HAD BEEN SENT, BUT A

PORTION (\$300,000) HAD HAD TO BE USED TO MAKE AN OVERDUE LOAN PAYMENT TO THE IBRD. HE THOUGHT FRESH FUNDS HAD SUBSEQUENTLY BEEN REMITTED. (WE HAD UNDERSTOOD SOME MONTHS AGO FROM CORRESPONDENCE WITH THE DESK AND A VISIT FROM THE AMERICAN ARCHITECT CONCERNED THAT CONSTRUCTION AWAITED A GOG GUARANTEE--NOT ACTUAL FUNDS--OF A PROPOSED RIGGS BANK LOAN. IS THIS STILL THE CASE?) PLEASE ADVISE STATUS AND PROVIDE FRESH INSTRUCTIONS IF WE SHOULD CONTINUE TO RAISE THIS ISSUE.

3. COMMENT: COMMISSIONER'S OCCASIONAL REFERENCES TO PAYMENTS PROBLEMS, E.G. PAYMENT TO IBRD, BACKLOG OF COMMERCIAL BANK OBLIGATIONS, WERE IN LINE WITH LIMITED OFFICIAL USE

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SITUATION DESCRIBED REF B. AGAINST THAT BACKGROUND, WE DOUBT WE'LL GET MUCH PROGRESS IN REDUCING THE MANY BACKLOGS CONCERNED, EXCEPT FOR AIRLINE REMITTANCES. HERE, THE BRITISH HAVE CALLED FOR AIR SERVICE TALKS AND THE AIRLINES ARE ON THE POINT OF REFUSING TO SELL AGAINST PAYMENT IN CEDIS, SO THE GOG IS UNDER CONSIDERABLE PRESSURE. THE GOG MAY WELL ALSO ANNOUNCE A SCHEDULE FOR REMITTING SHARE SALES PROCEEDS, BUT REALISTICALLY IT IS UNLIKELY TO PROVIDE FOR ANY SIZABLE PAYMENTS IN ITS FIRST YEAR (PERHAPS THE GHANAIA FISCAL YEAR ENDING JUNE 1979). WE WILL CONTINUE TO PRESS ON THESE ISSUES, HOWEVER, UNTIL WE CAN REPORT CONCRETE RESULTS.
BORN

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